

# State Funding Models: Indiana

In FY01, the Indiana Department of Education updated its federal adult education finance formula to incorporate performance funding. Under the revised system, local providers are funded as follows:

## **Base Funding**

Roughly 85 percent of federal and 100 percent of state resources are allocated as base funding using the following distribution criteria:

**Federal Resources**—Providers automatically qualify for 90 percent of the resources in their 1999-2000 base budget. This base remains constant over time and is associated with a funding district, not an individual provider.

**State Resources**—Providers automatically qualify for 90 percent of their reimbursed expenditures for the summer/fall of 1991 and spring terms of 1992. This base remains constant unless an agency's expenditures fall below its base during a given period; when this occurs, the reduced reimbursement becomes the new base. Remaining appropriations or new state dollars are distributed on the basis of enrollments, so that over time a greater percentage of the state appropriation is based on learner demand.

## **Performance Funding**

Approximately 15 percent of federal resources are distributed based on provider performance on the core and secondary measures of the National Reporting System for Adult Education (NRS). Performance funds lag one year behind recorded outcomes, meaning that a local provider's eligibility in FY06 is determined by its program performance in FY05. State measures include:

**Performance Outcomes**—Number of provider outcomes, calculated by summing the number of adult learners who achieve any of the following:

- Completed a level or completed a level and advanced to a higher level.
- Entered employment, retained employment, obtained a GED or secondary school diploma, or entered postsecondary education or training.
- In family literacy programs, advanced an educational functioning level, entered or retained employment, obtained a secondary diploma or GED, entered postsecondary education or training, or increased involvement in their children's education or literacy activities.
- In workplace literacy programs, advanced an educational functioning level, entered or retained employment, obtained a secondary diploma or GED, or enrolled in postsecondary education or training.
- In corrections programs, advanced an educational functioning level, entered or retained employment, obtained a secondary diploma or GED, or entered postsecondary education or training.

- Achieved work-based project learning goal, left public assistance, acquired citizenship skills, increased involvement in their children's education or literacy activities, voted or registered to vote, or increased involvement in community activities.

Provider resource eligibility is calculated by multiplying the total number of individuals achieving a positive outcome on the identified NRS measures by a state-established rate for each measure. To align outcomes with state goals, the amount awarded for a secondary NRS performance outcome is half the amount awarded for an outcome on a core NRS measure.

***Incentive***—Funds are awarded for providers meeting their state-negotiated performance levels for 15 NRS core measures, including:

- Educational Gain (11 levels)
- Further Education and Training
- Entered Employment
- Retained Employment
- High School Completion

Local provider eligibility is calculated by multiplying the total number of negotiated performance targets achieved by a state-established rate equivalent for each measure.

# State Funding Models: Kansas

In FY00, the Kansas Board of Regents overhauled its formula for allocating federal and state adult education resources among eligible providers. Under the revised system, local providers are guaranteed a base level of funding from state resources, which is equally distributed across all providers. Providers compete for federal and remaining state resources allocated on the basis of learner outcomes, and quality points awarded on the basis of provider administrative and programmatic operations.

## **Base Funding**

Each fiscal year, 50 percent of state adult education resources are evenly divided as base funding among all eligible providers in the state.

## **Performance Funding**

Performance awards are distributed based on provider performance during the fiscal year preceding the current one, meaning that funds lag one year behind recorded outcomes. Resources are distributed based on providers' performance using the following distribution formula:

***Learner Outcomes***—Fifty percent of federal funds are allocated based on the number of learner outcomes on selected NRS core and secondary measures. These include:

- Completing one of the functional academic performance levels identified for ABE, ASE, and ESL learners as specified in the NRS.
- Entered employment.
- Retained employment.
- Received a GED.
- Entered postsecondary education or training.
- Acquired U.S. citizenship skills.
- Increased involvement in children's education.
- Increased involvement in children's literacy activities.

Educational gain outcomes are doubled for learners in the five lowest educational functioning levels of the NRS (two lowest ABE levels and three lowest ESL levels).

***Program Quality***—Fifty percent of federal and 50 percent of state funds are allocated based on the number of quality points a program earns relative to the statewide total generated that year. Quality points are awarded based on provider performance on 25 measures encompassing 10 quality indicators. A complete listing of the Kansas *Indicators of a Quality Adult Education Program* is appended at the end of this report. Points are awarded based on evidence presented during a state monitoring visit, data in programs' end-of-year reports or derived from learner follow-up surveys, and records maintained by state staff.

# State Funding Models: Missouri

In FY02, the Missouri Department of Elementary and Secondary Education adopted a performance-based funding system to allocate its federal and state adult education resources among eligible service providers. Under the current system, local providers are guaranteed a base level of funding from federal and state resources, which is distributed across providers based on audited learner contact hours. Providers compete for remaining federal and state resources that are allocated on the basis of provider performance on two NRS measures of student progress.

## **Base Funding**

Each fiscal year, the state establishes a base funding rate that it uses to allocate 50 percent of available resources. These funds are distributed based on a provider's total audited learner contact hours in the first preceding fiscal year for which audited totals are available (i.e., FY04 for the FY06 program year). The remaining 50 percent of base resources are allocated based on a program's previous three-year average of its total audited contact hours (i.e., using FY02-04 for the FY06 program year).

## **Performance Funding**

Performance resources are distributed based on the number of individuals who made academic progress on two measures defined in the NRS:

- Completed one of the functional academic performance levels identified for ABE, ASE, and ESL learners in the NRS.
- Received a GED.

Performance resources also lag two years behind the recording of outcomes, meaning that local provider eligibility is determined by program performance in the fiscal year two years preceding the current one. Local provider eligibility is calculated by multiplying the total number of individuals achieving a positive outcome by a state-established rate for each measure.

## **Categorical Funding**

Federal and state resources are earmarked for use in specific functions identified by the state. These include data collection funds to offset data entry staff salaries and computing upgrades, marketing funds to offset provider advertising expenses, technology funds to purchase computing hardware and software, and One-Stop funds to support coordination with One-Stop Centers. Local provider eligibility is calculated by averaging providers' three-year expenditures in each category, with a fixed dollar amount awarded based on the level of program expenditures.